

**U.S. ENERGY CORP.**

877 NORTH 8th WEST

PHONE (307) 856-9271

RIVERTON, WYOMING 82501

*please file
M/037/040*

April 11, 2003

Transmit via fax to (801) 359-3940

State of Utah
Department of Natural Resources
Division of Oil and Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801
Attn: Mr. Paul Baker

Re: Velvet Mine, M/037/040

Dear Mr. Baker:

As we discussed on April 10, U.S. Energy Corp. is preparing to commence reclamation of the Velvet Mine site. One item that we request to change is to not utilize fencing in the reclamation program.

In general we will leave the relative flat surfaces of the reclaimed areas in a rough, bumpy or ripped by a dozer condition. Soil material, that is available, will be placed over the relative flat areas and seeded. Slopes will be contoured to approximately a 3 to 1 with benches placed on 10 to 15 foot intervals and graded to native material where possible. The slopes will be roughed up not dressed smooth. Some mine site areas have naturally stabilized and has vegetation established, we will try to have the least impact to these areas during our site reclamation.

It was good to review the reclamation activities with you and should you have any questions please contact me at (307) 856-9271.

Sincerely,
U.S. Energy Corp.

Fred Craft

cc: File
Jim Butt